

Michael D. Homans, Esquire  
 October 30, 2014  
 Expert Report

*Security and Data Technologies, Inc. v.  
 School District of Philadelphia, et al*

\$100,000 contract price ranges from 31.99% to 34.73%. By eliminating the extremes, there is no significant variability.

*Gross Profit as a Proper Measure of Damages*

Van Noy indicates that a contract of \$7.5M “would have created inefficiencies in SDT’s operations leading to additional costs not considered in SDT’s damages, such as: increased overtime costs; unbillable direct labor costs; wasted material and supplies; additional interest expense; additional office expenses; and impacts on other ongoing projects”<sup>20</sup>.

Van Noy makes this comment without support for his opinion. There is no evidence to support that SDT would have increased overtime costs, unbillable direct labor costs, wasted material and supplies, additional office expenses and impacts on other ongoing projects. As for interest expense, since approximately 56% of the project was subcontracting expense, the subcontractors would get paid when the owner paid SDT. For the remainder of the project, there is no evidence that SDT would incur additional interest expense. The terms of the contract with the School District may have included payment terms that would not require additional borrowing. Additionally, Van Noy failed to consider whether the shareholders could fund any financing needs.

If we assume SDT had to borrow an additional \$1,000,000 at an estimated rate of 5%, it would have cost SDT approximately \$4,166.66 per month ( $\$1,000,000 \times 5\%$  divided by 12 months). That would be a nominal amount in comparison to the total contract price.

d. Failure to address foundation elements for reasonably estimating damages

Van Noy opines that the damages to SDT is speculative and unreliable due to the fact that SDT “never prepared an estimate of the actual cost of performing the Project; failed to quantify the demands which would have been placed on its financial and operational resources; never solicited pricing from subcontractors which would have accounted for 67 percent of the costs of the project; and failed to assess whether its historical gross profit percentage was a reliable indicator of the profit it could reasonably expect on the Project”<sup>21</sup>.

Van Noy’s opinion that SDT’s damages are speculative and unreliable is without basis. As established above, SDT had a well-established history of performing projects for the School District. The calculation of damages above is consistent with SDT’s job performance with the School District. SDT’s experience in the industry and their experience with School District projects provided a basis for pricing contracts of this scope. Additionally, it is my understanding that SDT was not allowed to have further involvement in the Project after the School District awarded the contract to IBS. The School District has not provided cost or work details as to the Project during discovery in this litigation. As a result, SDT cannot be faulted for not preparing a more specific analysis as to specific Project costs to support its damage calculation.

<sup>20</sup> Van Noy Report, p. 9

<sup>21</sup> Van Noy Report, p. 9-10

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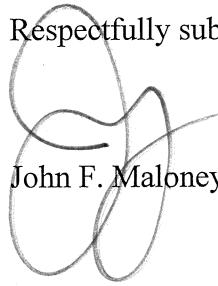
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### **CONCLUSION**

Based on my review and analysis, I have determined to a reasonable degree of accounting certainty that Security and Data Technologies, Inc. sustained damages of at least **Two Million, One Hundred Thousand Dollars (\$2,100,000)**.

All opinions and conclusions in this Report are stated within a reasonable degree of accounting certainty and I reserve the right to change, amend or supplement the opinion and conclusions upon receipt and review of additional information.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John F. Maloney", is written over the typed name.

John F. Maloney, CPA, CFF, CVA, ABAR

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EXHIBIT SUMMARY

- Exhibit A First page of Agreement for Services between The School District of Philadelphia and IBS Communications, Inc.
- Exhibit B Exhibit B to Agreement for Services – Contractors Budget
- Exhibit C Condensed Consolidated Statement of Operations – Security and Data Technologies, Inc. and 101 Pheasant Run, Inc. for the years December 31, 2009 to December 31, 2012
- Exhibit D Contracts in Progress Schedule Per Company Financial Statements as of December 31, 2010
- Exhibit E Contracts in Progress Schedule Per Company Financial Statements as of December 31, 2012
- Exhibit F Replicated Contracts in Progress Schedule of Company as of December 31, 2010
- Exhibit G Replicated Contracts in Progress Schedule of Company as of December 31, 2012
- Exhibit H Projects Direct with SDP 1/1/2007 12/31/2012
- Exhibit I Projects Direct with Electrical Contractors 1/1/2007 to 12/31/2012
- Exhibit J Summay Contract Analysis of Contracts SDT Performed with the School District of Philadelphia for the Period January 1, 2007 to December 31, 2012
- Exhibit K Documents Reviewed
- Exhibit L Qualifications of John F. Maloney, CPA, CFF, CVA, ABAR

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## EXHIBIT A

OGC CONTRACT NO. 471/F11

SC NO.:  
 ABC CODE:

### AGREEMENT FOR SERVICES

Project:

Surveillance Systems at Persistently Dangerous Schools

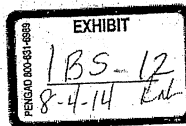
In consideration of the mutual promises set forth below, intending to be legally bound, **THE SCHOOL DISTRICT OF PHILADELPHIA**, a body corporate and political subdivision formed and existing under the laws of the Commonwealth of Pennsylvania (the "School District"), located at the Education Center, 440 North Broad Street, Philadelphia, Pennsylvania, 19130-4015, and **IBS COMMUNICATIONS, INC.**, a Pennsylvania corporation (the "Contractor"), located at 7500 Germantown Avenue, Elders Hall, Suite 200-204, Philadelphia, Pennsylvania 19119, have executed and delivered this Agreement for Services (the "Contract") as of September 22, 2010.

1. *The Engagement, the Work, the Standard Terms and Conditions.* Subject to the terms and conditions set forth in this Contract, the School District engages the Contractor to carry out the work (the "Work") described in the attached Exhibit "A" – Statement of Work, and Exhibit "B" – the Contractor's Budget (the "Budget"). The Work includes all Materials the Contractor has agreed to provide, the time frames in which the Contractor has agreed to complete the Work, and all other requirements the Contractor must satisfy in order to complete the Work during the Term (defined in Section 3 below). The terms and conditions of this Contract include the School District Standard Terms and Conditions (the "Standard Terms and Conditions") attached hereto as Exhibit "C".

2. *Resolution.* The School Reform Commission authorized this Contract by its resolution number A-14, dated October 20, 2010. The Parties have attached the resolution to this Contract as Exhibit "D" for reference but have not made the resolution a part of this Contract. The School District has no power to contract for the Work outside the scope of the resolution.

3. *Contract Term.* The term of the Contract shall begin September 22, 2010 and end June 30, 2011 (the "Term"), unless terminated sooner by the School District as provided in this Contract. The Contractor shall commence the Work promptly on the first day of the Term and complete the Work not later than the last day of the Term, except for those matters which contemplate performance after the expiration or termination of this Contract.

4. *Compensation.* As compensation for the satisfactory performance of the Work carried out by the Contractor hereunder, the School District shall pay the Contractor, in arrears, a total fee not to exceed Seven Million, Five Hundred Thousand Dollars (\$7,500,000.00), conditioned, however, upon the continued availability of funds, as set forth in Sections 5 and 6 of the Standard Terms and Conditions (the "Compensation").



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 Office of General Counsel  
 May 2008

IBS000003

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EXHIBIT B

EXHIBIT "B"

CONTRACTOR'S BUDGET

Total Compensation Not to exceed \$7,500,000.00

Breakdown of Compensation:

Salaries	\$4,200,000.00
Professional Services	\$1,550,000.00
Materials	\$1,750,000.00

EXHIBIT B

IBS000017

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### EXHIBIT C

#### Security and Data Technologies, Inc. and 101 Pheasant Run, Inc.

##### Condensed Consolidated Statement of Operations

(source: reviewed financial statements prepared by Mayer Hoffman McCann, P.C.)

	12/31/2009	12/31/2010	12/31/2011	12/31/2012				
Contract Revenue	10,505,370	71.28%	10,426,118	71.43%	8,726,992	69.33%	10,172,830	72.07%
Service Revenue	4,232,743	28.72%	4,171,025	28.57%	3,861,283	30.67%	3,941,652	27.93%
Total Revenues	14,738,113	100.00%	14,597,143	100.00%	12,588,275	100.00%	14,114,482	100.00%
Total Cost of Earned Revenues	11,004,024	74.66%	10,942,606	74.96%	9,734,374	77.33%	10,865,032	76.98%
Gross Profit	3,734,089	25.34%	3,654,537	25.04%	2,853,901	22.67%	3,249,450	23.02%
General and Administrative Expenses								
Sales Salaries, Payroll Taxes, Medical and Life Insurance, and Pension Plan								
Insurance - General	n/a	n/a	2,492,915	17.08%	n/a	n/a	2,017,943	14.30%
Office Expense	n/a	n/a	231,683	1.59%	n/a	n/a	265,616	1.88%
Professional Fees	n/a	n/a	122,585	0.84%	n/a	n/a	122,217	0.87%
Telecommunications	n/a	n/a	83,563	0.57%	n/a	n/a	69,293	0.49%
Advertising & Promotion	n/a	n/a	90,800	0.62%	n/a	n/a	102,548	0.73%
Bad Debts	n/a	n/a	85,894	0.59%	n/a	n/a	76,159	0.54%
Equipment Leasing	n/a	n/a	69,314	0.47%	n/a	n/a	37,540	0.27%
Depreciation	n/a	n/a	38,060	0.26%	n/a	n/a	39,110	0.28%
Dues & Subscriptions	n/a	n/a	24,692	0.17%	n/a	n/a	20,446	0.14%
Meals and Entertainment	n/a	n/a	4,937	0.03%	n/a	n/a	5,544	0.04%
Postage and Shipping	n/a	n/a	24,929	0.17%	n/a	n/a	34,849	0.25%
Taxes	n/a	n/a	5,743	0.04%	n/a	n/a	5,600	0.04%
Travel	n/a	n/a	14,531	0.10%	n/a	n/a	40,474	0.29%
Utilities	n/a	n/a	7,208	0.05%	n/a	n/a	43,103	0.31%
Other G&A Expenses	n/a	n/a	33,645	0.23%	n/a	n/a	27,104	0.19%
Total G&A Expenses	3,428,309	23.26%	-	0.00%	2,553,485	20.28%	-	0.00%
Operating Income	3,428,309	23.26%	3,330,499	22.82%	2,553,485	20.28%	2,907,546	20.60%
Other Income/(Expense)	305,780	2.07%	324,038	2.22%	300,416	2.39%	341,904	2.42%
Interest Expense	(108,841)	-0.74%	(103,078)	-0.71%	(95,351)	-0.76%	(73,597)	-0.52%
Gain on Sale of Property and Equipment	-	0.00%	-	0.00%	5,475	0.04%	7,720	0.05%
Miscellaneous Income	12,963	0.09%	12,042	0.08%	4,002	0.03%	553	0.00%
Total Other Income	(95,878)	-0.65%	(91,036)	-0.62%	(85,874)	-0.68%	(65,324)	-0.46%
Net Income	209,902	1.42%	233,002	1.60%	214,542	1.70%	276,580	1.96%
Net Income Attributable to the Noncontrolling Interest	(57,880)	-0.39%	(77,300)	-0.53%	(52,940)	-0.42%	(65,673)	-0.47%
Net Income Attributable to SDT	152,022	1.03%	155,702	1.07%	161,602	1.28%	210,907	1.49%



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## EXHIBIT D

SECURITY AND DATA TECHNOLOGIES, INC.  
AND 101 PHEASANT RUN, INC.

## SUPPLEMENTARY INFORMATION - SCHEDULE V - CONTRACTS IN PROGRESS

December 31, 2010

Job	Contract	Description	Contract Totals				From Inception to December 31, 2010				As of December 31, 2010			
			Revenues	Estimated Costs	Estimated Gross Profit	Percent Complete	Earned Revenues	Cost of Earned Revenues	Gross Profit %	Billed to Date	Estimated Cost to Complete	Estimated Earnings in Excess of Billings	Estimated Earnings in Excess of Costs	Estimated Earnings
4059VIR	VIRTUA HOSPITAL VOORHEES		\$ 1,251,220	\$ 1,015,000	\$ 236,220	94.7	\$ 1,185,507	\$ 961,693	18.9	\$ 1,128,449	\$ 53,307	\$ 57,058	\$ -	\$ -
4366FMH	MERCY FITZGERALD HOSPITAL		700,925	463,566	237,359	81.0	567,817	375,401	33.9	440,505	88,165	127,112	-	-
4016GJC	GLOUCESTER CO. JUSTICE COMPLI		551,000	412,531	138,469	83.5	460,292	344,618	25.1	456,530	67,913	3,662	-	-
4283WPH	WEST PHILADELPHIA HIGH SCHOOL		499,800	338,584	161,216	61.0	304,668	206,394	98.74	242,870	132,190	61,798	-	-
4883CWA	CHOP IRC3 REPLACEMENT - SDT		439,017	204,009	235,008	51.1	224,345	104,252	120.093	218,660	99,757	5,665	-	-
4656GCC	GLOUC. CNTY FAM & CNTY BLDGS		378,000	282,492	95,508	37.2	140,560	105,045	35.515	115,160	177,447	25,400	-	-
4180PSD	PHILADELPHIA SCHOOLS RING #1		164,874	104,189	60,685	95.8	157,943	99,809	36.8	149,424	4,360	8,519	-	-
4343PSD	PSD CORE SITES RING #2		135,337	91,185	44,152	79.3	107,265	72,271	34.994	122,685	18,914	-	-	-
4478SSG	SEASHORE GARDENS APT BLDG.		117,000	97,404	19,596	5.6	6,545	5,449	1.096	17,550	91,955	-	-	-
4643PSD	PHILA SCHL DIST CORE ST RING #4		114,000	88,178	25,822	2.1	2,366	1,830	536	10,281	86,348	-	-	-
4660PFC	PIER 5 PHASE 2 CONDO UNITS		113,815	75,404	38,411	19.1	21,699	14,376	7.323	28,454	61,028	-	-	-
4449VIT	VIRTUA ACC BLDG. FA, ACC CB		109,984	62,450	47,534	48.5	53,354	30,295	23.059	42,222	32,155	11,132	-	-
4452FED	FEDERATION HSNG MULT SYST.		97,680	76,261	21,419	0.3	296	231	65	-	76,030	296	-	-
4592SCN	USM AT STUDIO CTR FA EXP.		84,225	54,216	30,009	16.0	13,516	8,700	4.816	4,772	45,516	8,744	-	-
4640SCN	USM AT STUDIO CTR CCTV & SEC		79,145	55,627	23,518	20.6	16,318	11,469	4.849	5,475	44,158	10,843	-	-
4318SMS	ST. MONICA'S MANOR EXPANSION		69,550	32,833	36,717	77.8	54,133	25,555	28.578	62,948	7,278	-	-	-
4447FPS	FEDERAL PROTECTIVE SERV. EXP		67,496	44,772	22,724	76.5	51,652	34,282	17.390	61,591	10,510	-	-	-
4086CIR	CIRA CTR SOUTH PARKING GARAGE		65,000	33,304	31,696	92.4	60,076	30,781	29.295	42,900	2,523	17,576	-	-
4113BHS	BENSALEM HIGH SCHOOL GYM		58,615	39,052	19,563	29.3	17,198	11,461	5.737	32,361	27,601	-	-	-
4670MSH	MERCY SUB HOSP FA UPGRADES		57,500	32,387	25,113	2.5	1,465	825	640	14,375	31,562	-	-	-
	Contracts less than \$75,000		945,241	657,968	287,273		324,504	212,946	111,558	403,359	445,022	41,448	-	-
			\$ 6,099,424	\$ 4,261,422	\$ 1,838,002		\$ 3,771,319	\$ 2,667,663	\$ 1,103,656	\$ 3,600,271	\$ 1,603,759	\$ 379,273	\$ 208,225	\$ 208,225

See Independent Accountants' Review Report on Supplementary Information.

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## EXHIBIT F

SECURITY AND DATA TECHNOLOGIES, INC.  
AND 101 PHEASANT RUN, INC.  
SUPPLEMENTARY INFORMATION - SCHEDULE V - CONTRACTS IN PROGRESS  
December 31, 2010

Job	Contract Description	Contract Totals				From Inception to December 31, 2010										As of December 31, 2010			
		Revenues	Estimated Costs	Estimated Profit	Gross Profit %	Percent Complete	Earned Revenues	Cost of Revenues	Gross Profit	Gross Profit %	Billed to Date	Estimated Cost to Complete	Estimated Earnings in Excess of Billings	Costs and Earnings in Excess of Billings	Estimated Earnings	Costs and Earnings in Excess of Billings	Estimated Earnings	Costs and Earnings in Excess of Billings	Estimated Earnings
4059VR	VIRTUA HOSPITAL VORHEES	\$ 1,251,220	\$ 1,015,000	\$ 236,220	18.9%	94.7%	\$1,185,507	\$ 961,693	\$ 223,814	18.9%	\$ 1,128,449	\$ 53,307	\$ 57,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4396FMH	MERCY FITZGERALD HOSPITAL	700,925	463,566	237,359	33.9%	81.0%	567,617	375,401	192,216	33.9%	440,505	88,165	127,112	-	-	-	-	-	-
4016GIC	GLOUCESTER CO. JUSTICE COMPLI	551,000	412,531	138,469	25.1%	83.5%	460,292	344,618	115,674	25.1%	456,630	67,913	3,662	-	-	-	-	-	-
4283WPH	WEST PHILADELPHIA HIGH SCHOOL	499,800	338,584	161,216	32.3%	61.0%	304,668	206,394	98,274	32.3%	242,870	132,190	61,798	-	-	-	-	-	-
4683CHPA	CHOP IRC3 REPLACEMENT - SDT	439,017	204,009	235,008	53.5%	51.1%	224,345	104,252	120,093	53.5%	218,660	99,757	5,685	-	-	-	-	-	-
4656GCC	GLOUC. CNTY FAM & CNTY SLOGS	378,000	282,492	95,508	25.3%	37.2%	140,560	105,045	35,515	25.3%	115,160	177,447	25,400	-	-	-	-	-	-
4180PSD	PHILADELPHIA SCHOOLS RING #1	164,874	104,189	60,685	36.8%	95.8%	157,943	99,809	58,134	36.8%	149,424	4,380	8,519	-	-	-	-	-	-
4343PSD	PSD CORE SITES RING #2	135,337	91,185	44,152	32.6%	79.3%	107,265	72,271	34,994	32.6%	122,685	18,914	-	-	-	-	-	-	-
4478SSG	SEASHORE GARDENS APT BLDG.	117,000	97,404	19,596	16.7%	5.6%	6,545	5,449	1,096	16.7%	17,550	91,955	-	-	-	-	-	-	-
4643PSD	PHILA SCHL DIST CORE ST RING #4	114,000	88,178	25,822	22.7%	2.1%	2,366	1,830	536	22.7%	10,281	86,948	-	-	-	-	-	-	-
4660PFC	PIER 5 PHASE 2 CONDO UNITS	113,815	75,404	38,411	33.7%	19.1%	21,699	14,376	7,323	33.7%	28,454	61,028	-	-	-	-	-	-	-
4449WT	VIRTUA ACC BLDG. FA. ACC CB	109,984	62,450	47,534	43.2%	48.5%	53,354	30,295	23,059	43.2%	42,222	32,155	11,132	-	-	-	-	-	-
4452FED	FEDERATION HSNG MOLT SYST.	97,680	76,261	21,419	21.9%	0.3%	296	231	65	22.0%	-	76,030	296	-	-	-	-	-	-
45923CN	USM AT STUDIO CTR FA EXP.	84,225	54,216	30,009	35.6%	16.0%	13,516	8,700	4,816	35.6%	4,772	45,516	8,744	-	-	-	-	-	-
46405CN	USM AT STUDIO CTR CCTV & SEC	79,145	55,627	23,518	29.7%	20.6%	16,318	11,469	4,849	29.7%	5,475	44,158	10,843	-	-	-	-	-	-
4318SMS	ST. MONICA'S MANOR EXPANSION	69,550	32,883	36,717	52.8%	77.8%	54,133	25,555	28,578	52.8%	62,948	7,278	-	-	-	-	-	-	-
4447FPS	FEDERAL PROTECTIVE SERV. EXP	67,496	44,772	22,724	33.7%	76.5%	51,652	34,262	17,390	33.7%	61,591	10,510	-	-	-	-	-	-	-
4096CIR	CIRA CTR SOUTH PARKING GARAGE	65,000	33,304	31,696	48.8%	92.4%	60,076	30,781	29,295	48.8%	42,500	2,523	-	-	-	-	-	-	-
4113BHS	BENSALEM HIGH SCHOOL GYM	58,615	39,062	19,553	33.4%	29.3%	17,198	11,461	5,737	33.4%	32,361	27,601	-	-	-	-	-	-	-
4670M5H	MERCY SUB HOSP. FA UPGRADES	57,500	32,387	25,113	43.7%	2.5%	1,465	825	640	43.7%	14,375	31,562	-	-	-	-	-	-	-
	Subtotal	5,154,183	3,603,454	1,550,729	30.1%		3,446,815	2,444,717	1,002,098	29.1%	3,196,912	1,158,737	337,825	-	-	-	-	-	-
	Contracts Less than \$75,000	945,241	657,968	287,273	30.4%		324,504	219,946	111,558	34.4	403,359	445,022	41,448	-	-	-	-	-	-
	Total	\$ 6,099,424	\$ 4,261,422	\$ 1,838,002	30.1%		\$3,771,319	\$2,664,663	\$1,113,656	34.4	\$ 3,600,271	\$ 1,603,759	\$ 379,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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## EXHIBIT G

Contract			Contract Totals			From Inception to December 31, 2012				As of December 31, 2012		
Job	Description	Contract Price	Estimated Costs	Estimated Gross Profit	Percent Complete	Earned Revenues	Cost of Revenues	Gross Profit	Gross Profit %	Billed to Date	Estimated Cost to Complete	Costs and Estimated Earnings in Excess of Billings
5131CHA	CHOP ACC	\$ 615,000	\$ 512,492	\$ 102,508	16.7%	\$ 29,966	\$ 24,971	\$ 4,995	16.7%	\$ 61,500	\$ 487,521	\$ - \$ 31,534
5163DVH	DELAWARE VETS HOME NC REPL	587,500	385,809	201,691	34.3%	492,598	323,487	169,111	34.3%	479,761	62,322	12,837
4976SRI	CHOP ABRAMSON IRC3 UPGRADE	513,780	217,742	296,038	57.6%	421,157	178,488	242,669	57.6%	362,985	39,254	58,172
5149S10	THE SI ORGANIZATION	307,500	235,400	72,100	23.4%	287,890	220,388	67,502	23.4%	230,625	15,012	57,265
4784PIA	PHILA INT'L AIRPORT TERM F SEC	249,609	184,186	65,423	26.2%	218,154	160,975	57,179	26.2%	194,963	23,211	23,191
5160BAC	GOVERNOR BACON HLTH CTR	228,883	168,696	60,187	26.3%	167,101	123,160	43,941	26.3%	141,408	45,536	25,693
5091DVI	DELAWARE VALLEY INTELLIGENCE	170,000	115,900	54,100	31.8%	148,129	100,989	47,140	31.8%	137,569	14,911	10,560
5154OPP	OPPORTUNITIES TOWERS 1 & 2	153,400	82,814	70,586	46.0%	92,945	50,177	42,768	46.0%	127,530	32,637	34,585
5085CES	CHELTHAM ELEM SCHL EXTRON SY	122,570	101,678	20,892	17.0%	2,550	2,115	435	17.1%	14,145	99,563	11,595
5173PSV	CITY OF PHILA/PCA-SVU CO	97,880	69,484	28,396	29.0%	7,077	5,024	2,053	29.0%	9,788	64,460	2,711
5191FCM	FRANKLIN COURT MUSEUM	87,900	65,018	22,882	26.0%	9,116	6,743	2,373	26.0%	8,768	58,275	348
5009VIR	VIRTUA VOORHEES NC MGMNT RPT	83,800	36,620	47,180	56.3%	80,237	35,063	45,174	56.3%	75,440	1,557	4,797
5004GAC	GATEWAY SENIOR APTS	77,910	50,417	27,493	35.3%	66,717	43,174	23,543	35.3%	70,119	7,243	3,402
4837PWD	PHILA WATER DEPT CCTV-EXP PROD	77,000	59,223	17,777	23.1%	9,958	7,659	2,299	23.1%	7,792	51,564	2,166
4818SMS	ST. MONICA'S MANOR EXPANSION	75,030	42,708	32,322	43.1%	69,299	39,446	29,853	43.1%	71,821	3,262	2,522
Subtotal		3,447,762	2,328,187	1,119,575	32.5%	2,102,894	1,321,859	781,035	37.1%	1,994,214	1,006,328	195,029
Contracts less than \$75,000		2,027,236	1,355,734	671,502	33.1%	645,491	440,689	204,802	31.7%	776,477	915,045	64,271
Total		\$ 5,474,998	\$ 3,683,921	\$ 1,791,077	32.7%	\$2,748,385	\$1,762,548	\$ 985,837	35.9%	\$ 2,770,691	\$ 1,921,373	\$ 259,300

SECURITY AND DATA TECHNOLOGIES, INC.  
SUPPLEMENTARY INFORMATION - SCHEDULE V - CONTRACTS IN PROGRESS  
December 31, 2012





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## EXHIBIT J

SDT Job Contract Analysis Report  
Projects With Philadelphia School District - Direct Contract and as Subcontractor (Sorted by GPM from Low to High)  
January 1, 2007 through December 31, 2012

	A	B	C	D	E	F	G	H	I	J	K	L	M
	Contract Amount	Current Estimated Costs	Revised Project Costs	Gross Profit	Gross Profit %	Cost To-Date	Percent Complete	Billed To-Date	Percent Billed	Revenue Recognized	Payments Received	Over-Billed	Under-Billed
				(A-C)	(D/A)		(F/C)		(K/A)	(G*A)			
1 33845DP	SCH DIST OF PHILA-LIBRARY R131	415.00	915.36	(410.36)	-81.26%	915.36	100.00%	505.00	100.00%	505.00	505.00	-	-
2 33855DP	SCH DIST OF PHILA-SRC RM# 101	430.00	878.71	(352.71)	-67.06%	878.71	100.00%	526.00	100.00%	526.00	526.00	-	-
3 4319PDP	PSD/ENG&CAD-FIR TWR ACC CTR DR	2,784.00	6,630.00	(1,086.00)	-19.59%	6,630.00	100.00%	5,544.00	100.00%	5,544.00	5,544.00	-	-
4 3884PDP	CCTV DRWGNG LAYS 1-20 PHILA SCH	28,890.00	72,469.90	(10,775.90)	-17.47%	72,469.90	100.00%	61,690.00	100.00%	61,690.00	61,690.00	-	-
5 6942PDP	PSD-SWENSON SKILLS CTR CCTV	50,590.00	64,405.37	(3,405.37)	-5.58%	64,405.37	100.00%	61,000.00	100.00%	61,000.00	61,000.00	-	-
6 6944PDP	PSD-IUANITA PARK ACADEMY CCTV	131,298.00	132,859.04	10,140.96	7.09%	132,859.04	100.00%	143,000.00	100.00%	143,000.00	143,000.00	-	-
7 3883PDP	SCH DIST OF PHILA-TRAINING LAB	14,117.00	16,630.45	1,294.55	7.22%	13,364.20	80.36%	17,925.00	100.00%	14,004.50	17,925.00	3,520.50	-
8 4815PDP	PSD-SECURITY REAR BASEMENT	14,006.00	15,977.89	3,547.11	18.17%	14,381.89	90.01%	19,525.00	100.00%	17,574.69	19,525.00	1,950.31	-
9 4260PDP	PSD-FCWINX-SOFTWARE UPDATE	109,090.00	118,612.95	41,387.05	25.87%	118,612.95	100.00%	160,000.00	100.00%	160,000.00	160,000.00	-	-
10 36655DP	440 BLDG INTERCOM 15TH ST PSD	3,475.00	3,392.52	1,257.48	27.04%	3,165.99	93.32%	4,650.00	100.00%	4,339.50	4,650.00	310.50	-
11 CC2322	15TH STREET ADD'L READER	3,488.00	3,248.85	1,222.15	27.34%	3,248.85	100.00%	4,471.00	100.00%	4,471.00	4,471.00	-	-
12 34335DP	SCH DIST OF PHILA -S&M AGRWNT	31,390.00	38,823.39	14,765.61	27.55%	38,823.39	100.00%	53,589.00	100.00%	53,589.00	53,589.00	-	-
13 3857PDP	PSD FIRE TOWER-ACC CONTROL DRS	409,190.00	392,859.10	176,858.90	31.04%	392,372.09	99.88%	569,718.00	100.00%	569,011.75	569,718.00	706.25	-
14 CC6571	PSD-440 N BROAD ST-STAIR TWR	5,591.00	6,845.66	3,439.34	33.44%	6,845.66	100.00%	10,285.00	100.00%	10,285.00	10,285.00	-	-
15 4180PDP	PHILADELPHIA SCHOOLS RING #1	129,286.00	108,476.97	56,397.06	34.21%	108,476.97	100.00%	164,874.03	100.00%	164,874.03	164,874.03	-	-
16 4343PDP	PSD CORE SITES RING #2	105,380.00	87,617.10	47,719.95	35.26%	87,617.10	100.00%	135,337.05	100.00%	135,337.05	135,337.05	-	-
17 4337PDP	PSD-440 BLD TURNSTILES PHIS 1-2	255,459.00	248,032.40	141,258.60	36.29%	247,712.22	99.87%	389,291.00	100.00%	388,788.47	389,291.00	502.53	-
18 3893PDP	PHILA SCH DIST SOFTWARE UPGRADE	40,950.00	40,950.00	27,300.00	40.00%	199.00	0.49%	68,250.00	100.00%	331.67	68,250.00	67,918.33	-
19 34395DP	SCH DIST OF PHILA - HR RM 222	1,949.00	1,479.14	1,055.86	41.65%	1,479.14	100.00%	2,535.00	100.00%	2,535.00	2,535.00	-	-
20 4801PDP	PSD-3RD FLR PORTAL "B"	4,808.00	3,824.01	2,740.99	41.75%	3,824.01	100.00%	6,565.00	100.00%	6,565.00	6,565.00	-	-
21 4649PDP	PHILA SCHL DIST CORE STRING #4	81,001.00	69,337.78	51,650.98	42.69%	69,337.78	100.00%	120,988.76	100.00%	120,988.76	120,988.76	-	-
22 4097PDP	PHILA SCH DIST CORE SITE #3	112,836.00	86,228.88	66,268.17	43.46%	86,228.88	100.00%	152,497.05	100.00%	152,497.05	152,497.05	-	-
23 34405DP	SCH DIST PHIL-EMPLOY HLTH SRVC	1,949.00	1,398.51	1,138.49	44.83%	1,398.51	100.00%	2,535.00	100.00%	2,535.00	2,535.00	-	-
24 4559PDP	PSD-ADDT'L FCWV CLIENT STATION	1,270.00	1,110.86	1,122.64	50.26%	1,110.86	100.00%	2,233.50	100.00%	2,233.50	2,233.50	-	-
25 42595DP	SCHOOL DIST. OF PHILA	35,255.00	27,022.28	29,289.29	52.01%	27,022.28	100.00%	56,311.57	100.00%	56,311.57	56,311.57	-	-
26 3886PDP	CCTV DRWGNG LAYS 21-40 PHILA SCH	28,440.00	28,440.00	32,380.00	53.24%	6,641.25	23.35%	60,820.00	100.00%	14,302.56	60,820.00	46,517.44	-
27 5046PDP	PSD-440 N BROAD TECH ED SEC	38,872.00	24,400.81	30,419.19	55.49%	24,400.81	100.00%	54,820.00	100.00%	54,820.00	54,820.00	-	-
28 37275DP	RE-ENGAGEMENT CTR - S D P	952.00	635.79	914.21	58.98%	635.79	100.00%	1,550.00	100.00%	1,550.00	1,550.00	-	-
29 5000PDP	PHILA SCHL DIST MAINT AGR 2012	13,750.00	8,416.98	16,583.02	66.33%	8,416.98	100.00%	25,000.00	100.00%	25,000.00	25,000.00	-	-
30 4545PDP	ELLIOT-LEWIS CO ADD TO CONF RM	771.00	618.98	1,681.02	73.09%	618.98	100.00%	2,300.00	100.00%	2,300.00	2,300.00	-	-
31 36050DP	SCH DIST OF PHILA ADDL READER	2,132.00	723.89	2,066.11	74.05%	723.89	100.00%	2,790.00	100.00%	2,790.00	2,790.00	-	-
32 4031SDP	CCTV DRWGNG LAYS 64-80 PHILA SCH	5,622.00	2,087.00	10,073.00	82.84%	2,087.00	100.00%	12,160.00	100.00%	12,160.00	12,160.00	-	-
33 3897PDP	CCTV DRWGNG LAYS 64-80 PHILA SCH	28,520.00	9,446.25	51,373.75	84.47%	9,446.25	100.00%	60,820.00	100.00%	60,820.00	60,820.00	-	-
34 35955DP	SCH DIST OF PHILA-PSD WIRELESS	580.00	427.00	503.74	86.85%	76.26	100.00%	580.00	100.00%	580.00	580.00	-	-
35 3892PDP	CCTV DRWGNG LAYS 41-60 PHILA SCH	60,820.00	28,440.00	53,235.25	87.55%	7,594.75	100.00%	60,820.00	100.00%	60,820.00	60,820.00	-	-
Report Totals	\$ 2,495,505.96	\$ 1,772,814.00	\$ 1,632,457.83	\$ 863,048.13	34.58%	\$ 1,564,012.11		\$ 2,495,505.96	100.00%	\$ 2,373,980.10	\$ 2,494,946.83	\$ 121,525.86	\$ -

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EXHIBIT K

DOCUMENTS REVIEWED

1. Amended Complaint, June 28, 2012
2. Deposition of Kenneth Spressart, dated August 6, 2014
3. Deposition of Darryl Boozer, dated August 4, 2014
4. Agreement for Services between The School District of Philadelphia and IBS Communications, Inc.
5. Exhibit B to Agreement for Services – Contractors Budget
6. Reviewed financial statements of Security and Data Technologies, Inc. and 101 Pheasant Run, Inc. for the years ended December 31, 2010 and 2009, prepared by Mayer, Hoffman, McCann, P.C., report dated March 31, 2011
7. Reviewed financial statements of Security and Data Technologies, Inc. and 101 Pheasant Run, Inc. for the years ended December 31, 2012 and 2011, prepared by Mayer, Hoffman, McCann, P.C., report dated April 11, 2013
8. SDT Website
9. Expert Report prepared by Tim Van Noy, CPA, CFE, report dated September 19, 2014



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EXHIBIT L  
QUALIFICATIONS

**JOHN F. MALONEY**

CERTIFIED PUBLIC ACCOUNTANT (CPA)  
CERTIFIED IN FINANCIAL FORENSICS (CFF)  
CERTIFIED VALUATION ANALYST (CVA)  
ACCREDITED IN BUSINESS APPRAISAL REVIEW (ABAR)  
415 Sargon Way, Suite J  
Horsham, Pennsylvania 19044  
(215) 675-8364

**PROFESSIONAL EXPERIENCE (1981-CURRENT)**

Partner in the independent certified public accounting firm of Wouch, Maloney & Co, LLP, a full service accounting and business advisory firm with offices in Horsham, PA, Yardley, PA and Fort Myers, FL.

Over 30 years of public accounting and consulting experience focusing on business valuation, damage measurement, estate planning, marital disputes, income taxation, accounting and auditing, business and strategic planning, business strategy development, shareholder agreements, disputes and resolution, succession, entity planning and structuring, operational budgeting, bankruptcy and performance assessment and improvement. Engagements have involved closely-held business entities and entrepreneurial individuals in the industries of construction, manufacturing, wholesaling, professional services, pharmaceutical, retail, and home building and development. Testified as an expert witness.

**CERTIFICATIONS AND EDUCATION**

- Certified Valuation Analyst (CVA), January 10, 1997
- Accredited in Business Appraisal Review (ABAR), January 24, 2012
- Certified in Financial Forensics (CFF), February 28, 2009
- Certified Public Accountant (CPA), March 17, 1988
- Licensed in Pennsylvania and New Jersey
- Temple University - Bachelor of Business Administration (1981)

**PROFESSIONAL ASSOCIATIONS AND MEMBERSHIPS**

- American Institute of Certified Public Accountants (AICPA)
- Pennsylvania Institute of Certified Public Accountants (PICPA)
- National Association of Certified Valuation Analysts (NACVA)
- Construction Financial Management Association (CFMA)
- Associated Builders and Contractors of Southeastern PA (SEPA ABC)
- Director, Bucks County Estate Planning Council (BCEPC)
- Member of PICPA Business Valuation Committee

**EXPERT TESTIMONY**

Consulting and expert witness assistance in matters involving oppressed shareholders, valuation, construction accounting, and economic damage measurement. Testified as an expert in the Bucks County Court of Common Pleas, Montgomery County Court of Common Pleas, Lehigh County Court of Common Pleas, and Philadelphia Court of Common Pleas. Appointed in Bucks County Court of Common Pleas to act as the independent accountant in resolving disputed accounting issues.

Michael D. Homans, Esquire  
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EXHIBIT L  
QUALIFICATIONS  
continued

**TESTIMONY LAST FIVE YEARS**

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- A. Scott Enterprises, Inc. v. City of Allentown  
Lehigh County Court of Common Pleas (2013)
- Seidman, Jacob and Merrill Seidman, et. al v. Ronald L. Capla, et. al.  
Philadelphia County Court of Common Pleas (2011)
- Robert Cooney v. Marion Cooney, et. al.  
Montgomery County Court of Common Pleas (2011)